

BENEFITS NEWS

An Information Publication for State of California Employees

HOW THE STATE'S FLEXELECT REIMBURSEMENT ACCOUNTS CAN BENEFIT YOU

Everyone knows there are some medical bills that health insurance doesn't cover, things like office visit copays. But you may not know about a great benefit available to most State employees that allows you to pay these bills with pre-tax income. It's called a **FlexElect Medical Reimbursement Account**.

Do you pay someone to take care of your children, spouse, or elderly parents so you can work? If you do, a **FlexElect Dependent Care Reimbursement Account** may save you money. The FlexElect Program is a unique way to help you save money on your out-of-pocket medical and dependent care expenses. The Program is regulated under Section 125 of the Internal Revenue Code.

If you are a State employee with a permanent appointment and your time base is half-time or greater, you are eligible to enroll in the FlexElect Program. Permanent-intermittent employees are not eligible to enroll in the Medical or Dependent Care Reimbursement Accounts. Check with your Personnel Office if you have a question regarding eligibility.

What's The Tax Advantage of FlexElect?

The money you put in a FlexElect reimbursement account is not taxable, nor are the reimbursement payments. That means you can reduce your monthly income taxes by enrolling in a FlexElect reimbursement account.

Medical Reimbursement Account

With a FlexElect Medical Reimbursement Account you can reimburse yourself for your eligible medical expenses with tax-free dollars which can reduce your monthly taxable income.

The minimum monthly contribution is \$10 and the annual maximum is \$5,000.

Medical Expenses You Can Claim

With even the best of health care plans, there are certain expenses that insurance plans won't pay for. You may claim reimbursement for uninsured medical services/supplies for yourself, your spouse, and your dependents, if the services/supplies were received during your period of participation in the FlexElect Plan Year.

Partial List of Expenses Covered By A FlexElect Medical Reimbursement Account:

- ✓ Copays for office visits and prescriptions (but **not** out-of-pocket premiums)
- ✓ Lab fees
- ✓ Orthodontic work
- ✓ Eye glasses and contacts
- ✓ Laser eye surgery
- ✓ Hearing aids & exams
- ✓ Transportation for medical care
- ✓ Smoking-cessation programs

You should refer to IRS Publication 502 for a more complete list of expenses that may be reimbursable.

Dependent Care Reimbursement Account

A dependent care account is similar to a medical account except it's for paying daycare expenses. The money you contribute to a dependent care account is also not taxable, which means you'll pay less tax than you would if this money is counted as taxable income. The dependent care reimbursement account also allows you to set aside money from your paycheck each month on a pre-tax basis to pay for daycare costs.

The minimum monthly deduction is \$20. The maximum is \$5,000 per year per household.

Dependent Care Expenses You Can Claim

Expenses for child care, elder care, and care for a disabled dependent are reimbursable if the care is necessary for you to work. If you're married, your spouse must also work, unless he or she is a full-time student or physically or mentally incapable of caring for himself or herself. For child care expenses to qualify, your child must be a dependent under the age of 13 when the child care is provided. There is no age limit if your child is disabled. If you need help determining whether your expenses qualify for reimbursement, check IRS Publication 503 and/or consult a tax advisor.

When May You Enroll In A Reimbursement Account?

The first opportunity to enroll in either a Medical Reimbursement and/or Dependent Care Reimbursement Account is within 60 days of becoming "newly eligible." However, for many employees the typical time to enroll is during the annual fall open enrollment period.

Open Enrollment Period

The Open Enrollment Period is normally held from September 1 – October 15. However, in order to coincide with the California Public Employees' Retirement System (CalPERS) Open Enrollment Period for health, the 2003 Open Enrollment Period for the FlexElect Program will be held from October 1 – October 31, 2003.

If you enroll in a reimbursement account and/or cash option during this year's open enrollment period, your enrollment choices will take effect on January 1, 2004.

If You Need More Information

If you need more information, check with your Personnel Office to obtain a copy of the FlexElect Handbook. This Handbook and related IRS publications are also available on the Department of Personnel Administration's web site at www.dpa.ca.gov (click on *Benefits*, then follow the prompts for *FlexElect*). (A link to the FlexElect Handbook is located under *Related Publications*.)

For More Information Contact

Benefits Division

(916) 322-0300
CALNET 492-0300

ARAG Group

Group Legal Services Plan
1-800-247-4184

Dental Program

(916) 324-0525
CALNET 454-0525

Employee Assistance Program

MBC (Merit Behavioral Care)
1-800-632-7422

FlexElect Program

(916) 327-6429
CALNET 467-6429

Health Promotion Program

(916) 324-9398
CALNET 454-9398

Merit Award Board

(916) 324-0520
CALNET 454-0520

Safety Program

(916) 327-1438
CALNET 467-1438

Savings Plus Program

1-866-566-4777
SPPFORU.COM

Contact Us Tab

Vision Service Plan

1-800-622-7444 or
(916) 851-5000

Workers' Comp. Program

(916) 445-9792
CALNET 485-9792

Fax Numbers

Benefits Division

(916) 322-3769
CALNET 492-3769

Savings Plus Program

(916) 327-1885
CALNET 467-1885

TDD (Any unit in DPA)

(916) 327-4266
CALNET 467-4266

Internet Address

www.dpa.ca.gov